Notice Period, Severance Pay, and Supplementary Allowance for Executives in Italy

The Rights of Executives in Industry and Commerce in Italy in Case of Employment Termination

This table provides a detailed summary of the rights of executives in Italy in case of termination of employment. It outlines the conditions related to the notice period, supplementary allowance, and severance pay (TFR) in accordance with the provisions of the National Collective Labor Agreement (CCNL) for executives in the industry and commerce sectors.
This schema is useful for understanding and summarizing the protections and obligations of Italian executives in case of termination of employment.

In the case of individual dismissal:

CCNL DIRIGENTI INDUSTRIA	CCNL DIRIGENTI COMMERCIO

1) NOTICE PERIOD – Art. 23 Paragraph 1 a) **6 months' notice** for executives with up to six years of service; b) **8 months' notice** for executives with up to ten years of service; c) **10 months' notice** for executives with up to fifteen years of service; d) **12 months' notice** for executives with more than fifteen years of service. As a result, the **total notice period**, as required under paragraph 1, **shall not, in any case, exceed 12 months.**	**1) NOTICE PERIOD – Art. 39 Paragraph 5** Except in cases of dismissal for just cause, in the event of termination, **communicated from September 1, 2016**, by the employer of an open-ended employment contract, after the probationary period has been completed, the executive is entitled to a notice period, based on the total length of service provided to the company, in any position, as follows: **6 months**: up to **four years of service**; **8 months**: from **four to ten years of service**; **10 months: from ten to fifteen years of service**; **12 months: more than fifteen years of service.**

2) SUPPLEMENTARY ALLOWANCE – Art. 19 Paragraph 15 **Except in cases of null dismissal**, to which the legal provisions apply, if the Board, with a reasoned judgment, recognizes that **the dismissal is unjustified** and therefore upholds the executive's appeal pursuant to Art. 22, it will simultaneously order the company to pay a supplementary allowance, in addition to the contractual severance pay, in compliance with the following parameters: a) **up to two years of service, four months**' salary equivalent to the notice period; b) **over two and up to six years of service, between four and eight months**' salary equivalent to the notice period; c) **over six and up to ten years of service, between eight and twelve months**' salary equivalent to the notice period; d) **over ten and up to fifteen years of service, between twelve and eighteen months**' salary equivalent to the notice period; e) **over fifteen years of service, between eighteen and twenty-four months**' salary equivalent to the notice period. **These provisions do not apply in cases of collective dismissal.**	**2) SUPPLEMENTARY ALLOWANCE – Art. 34** Based on its assessment of the factors characterizing the case in question, the Board will determine the supplementary allowance according to the following scale, based on the executive's length of service: **– up to 4 years: from 4 to 8 months' salary;** **– more than 4 and up to 6 years: from 6 to 12 months' salary;** **– more than 6 and up to 10 years: from 8 to 14 months' salary;** **– more than 10 and up to 15 years: from 10 to 16 months' salary;** **– more than 15 years: from 12 to 18 months' salary.** In the event of the dismissal of an executive with more than **twelve years** of service in a senior position, the supplementary allowance is automatically increased according to the executive's age, as follows: 4 months' salary for those aged between 50 and 55 years; 5 months' salary for those aged between 56 and 61 years; 6 months' salary for those over 61 years old and below the statutory retirement age for old-age pension. The above increases apply to executives who do not meet the requirements for pension benefits under the AGO or who, even if they meet the requirements, would receive an amount less than five times the minimum INPS pension.

3) SEVERANCE PAY (TFR) – Art. 24 In the event of termination of the employment relationship, in addition to the provisions of Art. 23, the executive is entitled to severance pay (TFR), which is to be calculated in accordance with the provisions of Art. 2120 of the Italian Civil Code.	**3) SEVERANCE PAY (TFR) – Art. 41** In any case of termination of the employment relationship, the executive is entitled to severance pay (TFR), calculated in accordance with the provisions of Law No. 297 of May 29, 1982.

In the case of resignation:

CCNL DIRIGENTI INDUSTRIA	CCNL DIRIGENTI COMMERCIO
NOTICE PERIOD – Art. 23 Paragraph 3 An executive who resigns must give the employer notice, the duration of which shall be equal to one-third of the notice period specified in the case of individual dismissal.	**1) NOTICE PERIOD – Art. 37** An executive who resigns is required to give the employer the **following** notice period, based on the total length of service provided to the company in any position: **– two months: up to two years of service;** **– three months: from two to five years of service;** **– four months: more than five years of service.** As of July 1, 2021, the notice period will commence either on the 1st or the 16th day of each month, depending on whether the resignation notice reaches the employer in the second half of the preceding month or in the first half of the current month, respectively.

	2) SUPPLEMENTARY ALLOWANCE IN CASE OF RESIGNATION FOR JUST CAUSE – Art. 38 Paragraph 4 If the Arbitration Board finds that just cause, as alleged and proven, exists, it will order the company to pay the executive the substitute notice allowance referred to in Art. 39, increased by a supplementary allowance equal to one-third of the notice period allowance.
2) SEVERANCE PAY (TFR) – Art. 24 In the event of termination of the employment relationship, in addition to the provisions of Art. 23, the executive is entitled to severance pay (TFR), which is to be calculated in accordance with the provisions of Art. 2120 of the Italian Civil Code.	**3) SEVERANCE PAY (TFR) – Art. 41** In any case of termination of the employment relationship, the executive is entitled to severance pay (TFR), calculated in accordance with the provisions of Law No. 297 of May 29, 1982.

Avv. Cristiano Cominotto
Avv. Sonia Predieri